



CALIFORNIA ENERGY RESOURCES SCHEDULING DIVISION (CERS)

Long-Term Contracts Overview

MARCH 2004

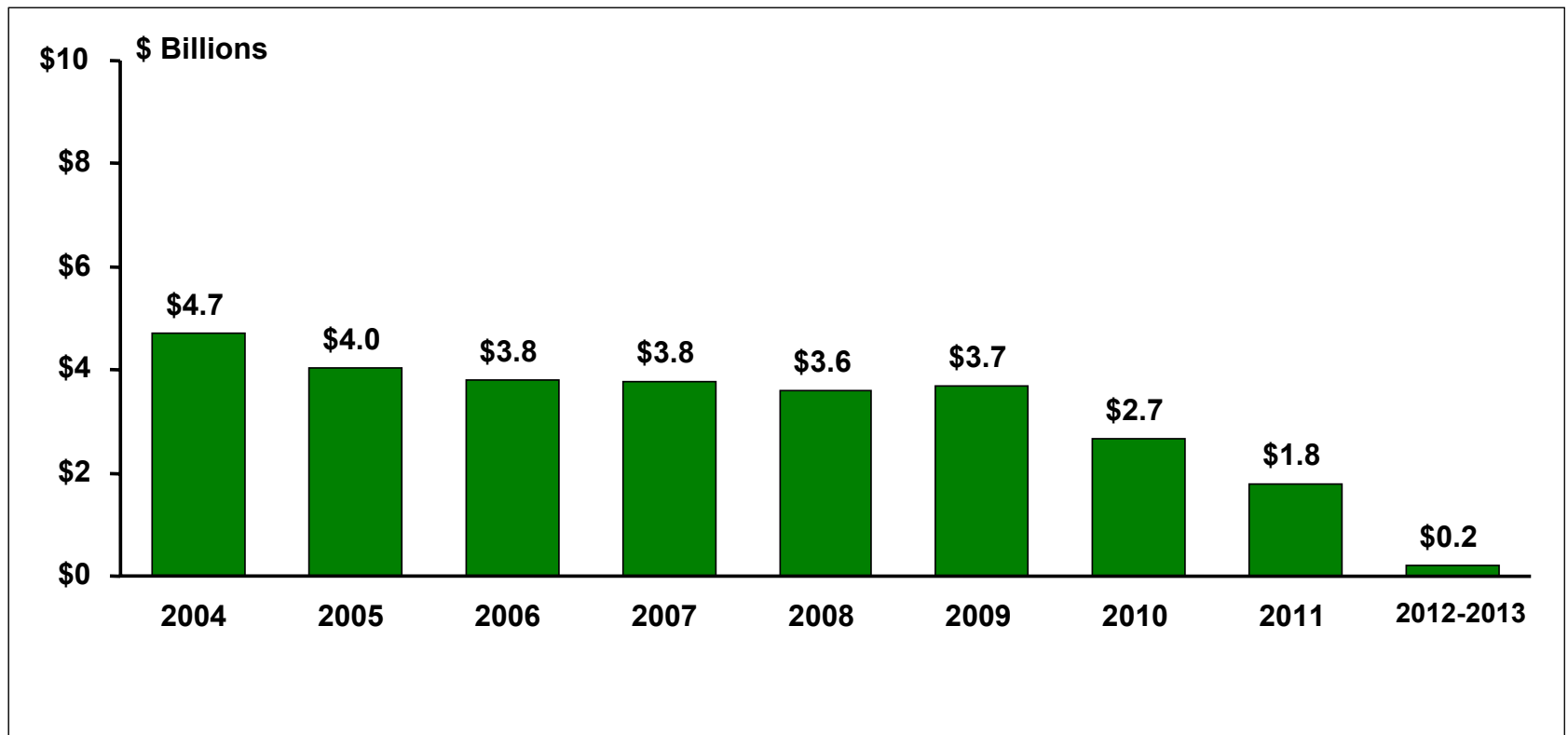


Long-Term Contracts Overview – cont.

- **Number of Original agreements: 56**
- **Original portfolio projected cost: \$42.5 billion**
- **Agreements Renegotiated: 34**
- **Number of original counter-parties: 28** – Allegheny, Alliance Colton, BPA, CalPeak, Calpine, Capitol, Clearwood, Constellation, High Desert, Coral, Dynegy, El Paso, GWF, Intercom, PG&E Energy Trading, PacifiCorp, Pinnacle West, Mirant, Morgan Stanley, Primary Power (Imperial Valley), PX Block Forward, Santa Cruz, Sempra, Soledad, Sunrise, Whitewater Energy, Williams, Wellhead.
- **Number of counter-parties with renegotiated contracts: 18** -- Calpine, High Desert, Constellation, Whitewater Energy, Capitol Power, CalPeak, GWF, Colton Power, Mountain View Power Partners (formerly PG&E Trading contract), Williams, Clearwood, Wellhead, County of Santa Cruz, Sunrise Power, Goldman Sachs (formerly Allegheny contract), Soledad, El Paso, Morgan Stanley.
- **Cost reductions through renegotiations: Approximately \$6.34 billion**
- **Agreements expired: 14**
- **Agreements terminated: 2**
- **Number of agreements remaining (from original 56): 40**
- **Current Projected portfolio cost: \$28.3 billion**

Long-Term Contracts Overview – cont.

The remaining cost for the portfolio of contracts, from 2004 through 2013, is approximately \$28.3 billion dollars (totals exclude surplus energy sales, bond charges, reserves, and other costs)

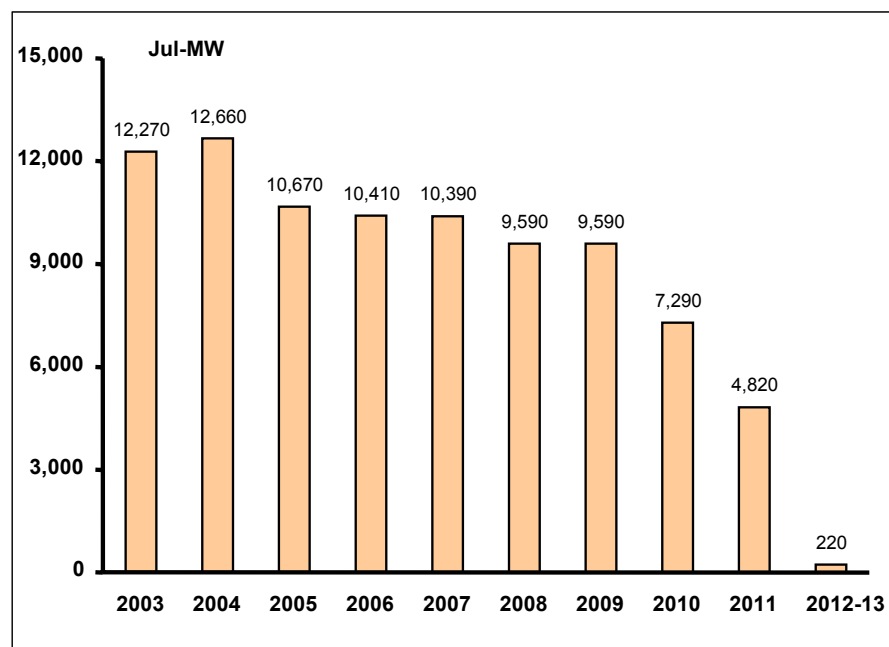


Note: Annual projections may vary due to updates to gas price forecasts, contract utilization, and other assumptions. **Excludes surplus energy sales, bond charges, reserves, and other costs)**

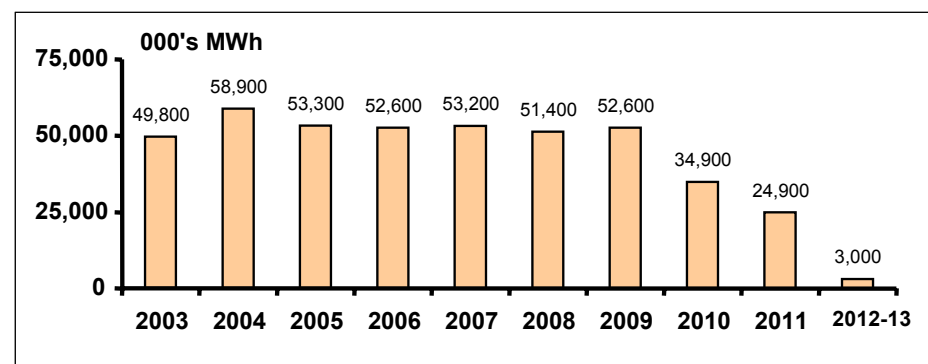
Long-Term Contracts Overview – cont.

The long-term contracts portfolio peaks in 2004 at 12,660 megawatts, remains above 10,000 megawatts from 2005 through 2007, and then significantly drops off after 2009

Contract Capacity (MW)



Contract Energy (MWh)



	% of Annual Energy									
	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12-'13
Must-Take	82%	87%	85%	86%	85%	82%	80%	69%	76%	39%
Dispatchable	16%	12%	13%	13%	14%	16%	18%	29%	22%	46%
Renewable	1%	1%	1%	1%	1%	1%	1%	2%	2%	15%

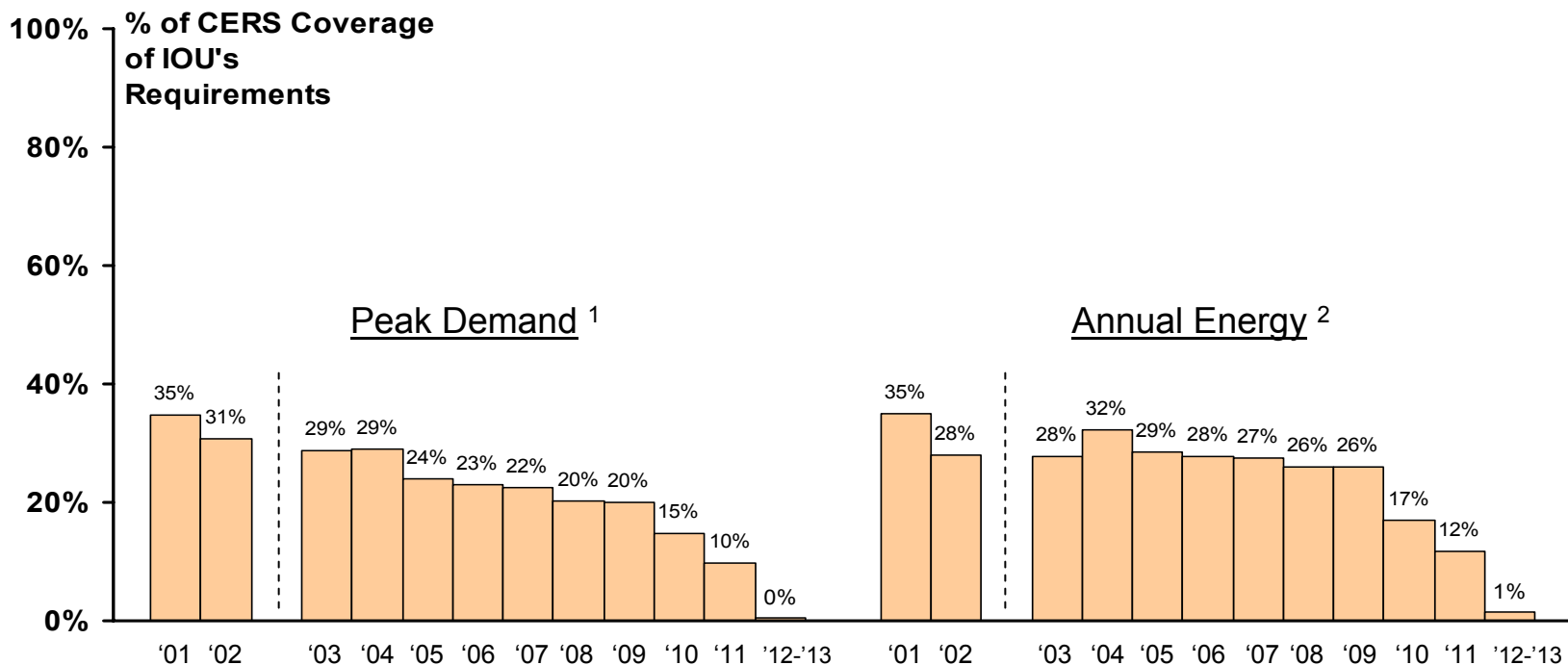
(%s may not add to 100% due to rounding)

Notes:

Includes all renegotiated contracts to-date. Wind projects have been de-rated and includes an additional 1,000 MW system-contingent option in Dynegy contract (contract expires end of 2004).

Long-Term Contracts Overview – cont.

In 2001, CERS covered 35% of the three utilities peak demand and energy requirements. By 2010, the remaining long-term contracts will only cover approximately 15% of the utilities requirements



Notes:

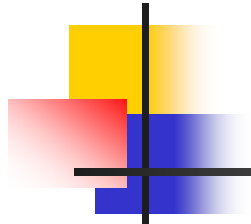
- (1) For 2001 through 2003, percentage based on MW's scheduled by CERS and CAISO peak demand. PG&E, SCE, and SDG&E primarily account for CAISO total demand. For 2004 and beyond, percentage based on MW's under contract and 2% annual escalation of '03 peak demand.
- (2) For 2001 and 2002, percentage based on CERS recorded and energy deliveries to utility customers as reported in utilities financial statements. For 2003 and beyond percentage based on total contract deliveries (excluding surplus sales) and 2% annual escalation of '02 total energy requirements of the three utilities.

Long-Term Contracts Overview – cont.

Expiration dates of the remaining long-term contracts portfolio

Year of Expiration (Year-end unless otherwise noted)										
2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Constellation Power <small>(Prod 1 expired Jun-'03, Prod 2 expired Oct-'03)</small> Goldman Sachs Group <small>(NP-15 product)</small> Intercom <small>(Expired Aug-'03)</small> Primary Power	Dynegy	Calpine <small>(San Jose)</small> El Paso Morgan Stanley	Soledad <small>(Oct-'06)</small>	Williams <small>(Product A)</small>		Calpine 1&2	Colton Power <small>(Oct-'10)</small> Williams <small>(Product B,C,D, & Gas Supply Contract)</small>	Calpeak(s) <small>(2 projects Oct-'11, 3 projects Dec-'11)</small> Calpine 3 <small>(Jul-'11)</small> Goldman Sachs Group <small>(SP-15 Product)</small> GWF <small>(Phase 1 & 2)</small> High Desert <small>(Mar-'11)</small> Mountain View <small>(Sept-'11)</small> Pacificorp <small>(Jun-'11)</small> Sempra <small>(Sept-'11)</small> Wellhead(s) <small>(Oct-'11)</small>	Clearwood Coral <small>(Jun-'12)</small> GWF Ph3 <small>(Oct-'12)</small> Sunrise <small>(Jun-'12)</small>	Shell Wind Energy
Contract MW's Expiring * (non-coincident)										
970	2,100	360	10	200	0	2,000	1,450	4,640	1,300	100

(*) MW's shown were available during all or part of the calendar year that will not be available the following year. Contract MW's expiring are non-coincident and not cumulative due to expiration date and annual MW's may vary. For Dynegy contract, includes 1,000 MW system-contingent option.



Summary Results of Renegotiations

Summary Results - cont.

Of the 22 counterparties CDWR has contracts with, only four have standing contracts under their original terms.

Number of Counterparties with Contracts under Renegotiated Terms		Savings (\$' Millions)	Counterparties with Contract under Original Terms	Counterparties with Expired Contracts	Contracts Terminated
1	Calpine	\$2,900	Coral	BPA	Capitol Power ³
2&3	High Desert / Constellation Power ¹	\$560	Dynegy	Constellation Power ¹	Santa Cruz County ⁴
4	Shell Wind Energy ² (formerly Whitewater Energy Corp)	\$38	PacifiCorp	Intercom	
5	Capitol Power ³	\$6.3	Sempra	Mirant ⁵	
6	CalPeak	\$71		Pinnacle West	
7	Soledad	\$1.7		Primary Power	
8	GWF	\$215		PX Block Forward	
9	Colton Power (formerly Alliance contract)	\$14.6			
10	Mountain View Power Partners, LLC (formerly PG&E ET Wind contract)	\$2.8			
11	Williams	\$1,373			
12	Clearwood	\$28			
13	Wellhead	\$8.2			
14	Santa Cruz County ⁴	\$1.8			
15	Sunrise	\$121			
16	Goldman Sachs Group (formerly Allegheny contract)	\$836			
17	El Paso	\$125			
18	Morgan Stanley	\$40			
Total Savings (\$'s Millions)		\$6,342			

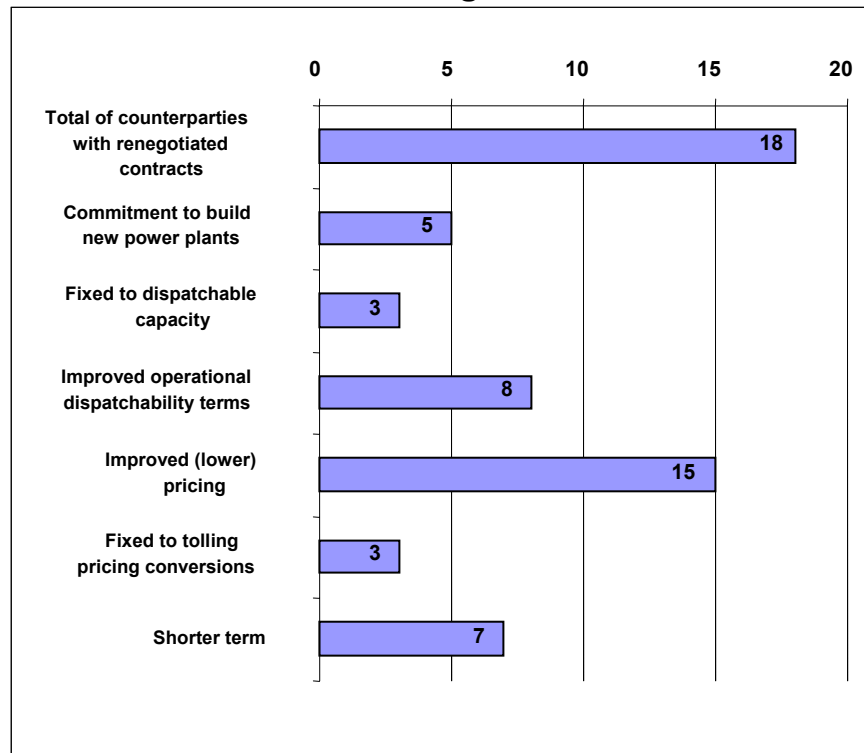
Notes:

- (1) Constellation Power Systems contract, Product 1 expired Jun-'03 and Product 2 expired Oct-'03; (2) Shell Wind Energy consists of two wind projects, formerly Whitewater Hill and Cabazon. ; (3) Capitol Power was terminated in Nov '02; (4) Santa Cruz County was terminated in early Jan. '04; (5) Mirant contract is in FERC settlement proceedings.

Summary Results - cont.

Renegotiations have resulted in improved reliability and contract savings of \$6.3 billion (a 15% reduction from the initial projection of \$42.5 billion). Improved reliability is the result of securing generator commitment to build new power plants. Savings are based on improved contract terms, such as lower pricing and shorter terms, and increased dispatchability.

CDWR Improvement in Contract Terms due to Renegotiations

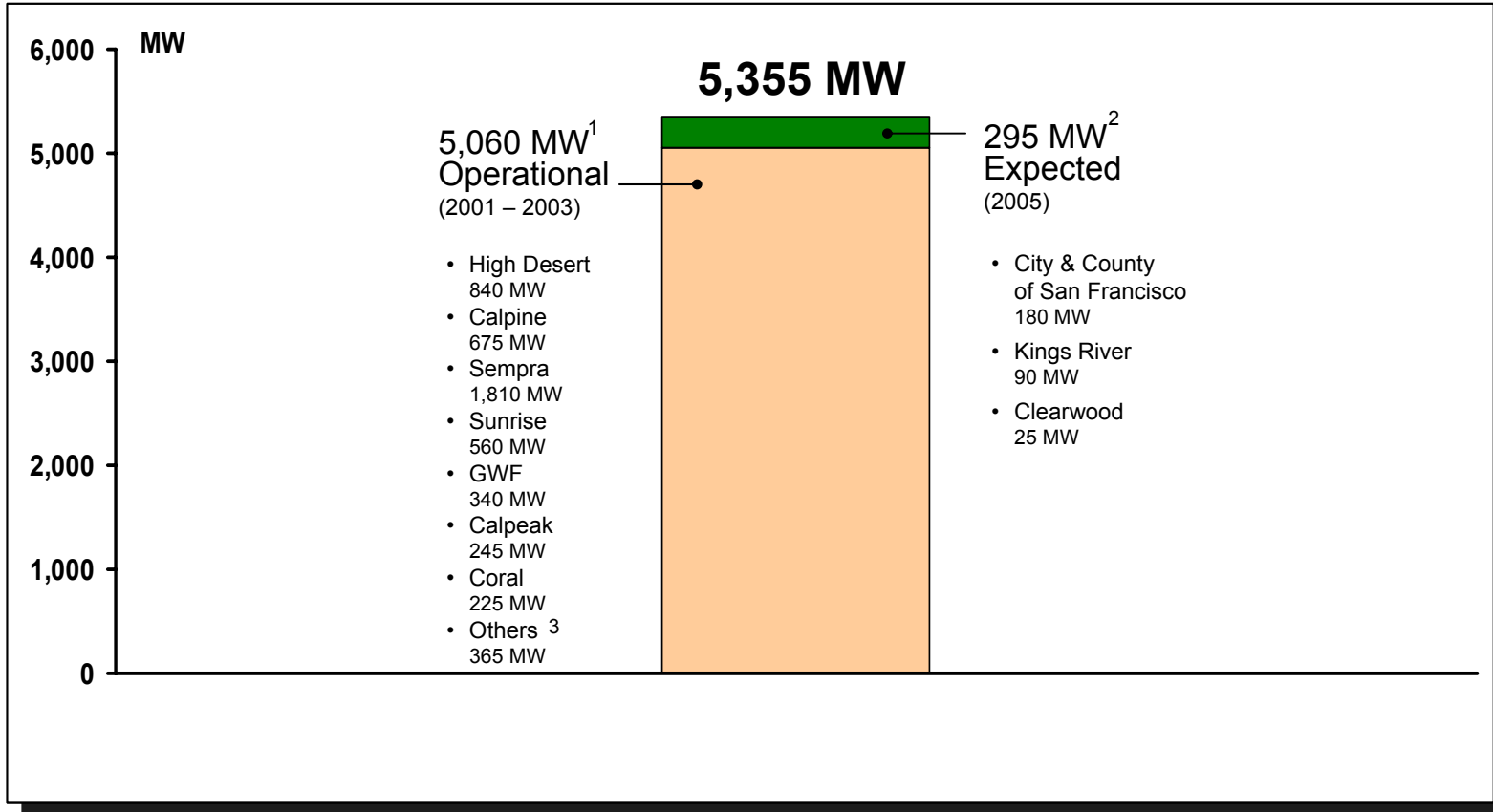




New Power Plants Supported by CDWR Long-Term Contracts

New Power Plants – cont.

Supporting CDWR contracts, 36 new power plants totaling over 5,000 megawatts have become operational since 2001, with three additional power plants expected in 2005



Notes:

- (1) Includes 1,225 MW of operational out-of-state projects built by Sempra (Mesquite Ph-1 and Mexicali).
- (2) Does not include other planned California projects (3,385 MW from Calpine and 500 MW from Sempra).
Also, does not include other planned out-of-state projects (1,275 MW from Sempra and 500 MW from Pacificorp).
- (3) Other projects include: Colton Power, Mountain View, Shell Wind Energy, and Wellhead..